

# SUBCOMMITTEE NO. 1 on Education



## Subcommittee No. 1

Chair, Jack Scott

Member, Bob Margett

Member, Joe Simitian

Monday, April 24, 2006  
11 pm  
Room 2040, State Capitol

<u>Item</u>	<u>Department</u>	<u>Page</u>
6110	Department of Education	
Issue 1	Proposition 98 Reversion Account – Proposed Reappropriations .....	1
Issue 2	School Facilities -- Emergency Repair Programs.....	3
Issue 3	School Facilities – Budget Control Section 24.30 .....	5
Issue 4	Special Education – Funding of Federal COLA .....	6
Issue 5	Special Education – CAHSEE Assistance .....	8
Issue 6	Governor's Federal Proposal – Reading First.....	10
Issue 7	Governor's Federal Proposal – Program Improvement Schools/Districts .....	14
Issue 8	LAO Proposal – Migrant Education .....	16
Issue 9	LAO Proposal -- Economic Impact Aid.....	18
Issue 10	High Priority Schools Grant Program .....	20
Issue 11	Instructional Materials .....	22
Issue 12	April Finance Letters – Federal Funds (Consent) .....	24

---

*Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling 916-324-9335. Requests should be made one week in advance whenever possible.*

**ITEM 6110 DEPARTMENT OF EDUCATION****ISSUE 1: Proposition 98 Reversion Account - Overview of Proposed Expenditures (Item 6110-485)**

**DESCRIPTION:** The Governor proposes appropriating **\$213.6 million** in one-time funds in 2006-07 from the Proposition 98 Reversion Account for a variety of programs. Of this amount, \$106.6 million – half of the funding proposed from this account – would be appropriated for the Emergency School Facilities Repair program required by the *Williams* settlement agreement. This issue will be discussed further in the next agenda item.

**BACKGROUND:** Proposition 98 Reversions funding provides significant one-time funding that can be reappropriated for other Proposition 98 purposes. The Governor proposes appropriating **\$213.6 million** in Proposition 98 reversions in 2006-07 for a variety of programs, which are listed below. Several of these proposals have been or will be discussed by the Subcommittee as separate issues.

- **\$106.6 million** for the Schools Facilities Emergency Repair program pursuant to the *Williams* settlement agreement as articulated by Chapter 899, Statutes of 2006.
- **\$63.7 million** for CalWorks Stage 3 child care adjustments.
- **\$18.7 million** for prior-year state obligations for K-12 mandate claims and interest.
- **\$9.6 million** for the Teacher Credentialing Block Grant to fund an additional 2,600 teachers in the Beginning Teacher Support and Assessment system in the current year.
- **\$9 million** for the Charter Schools Facility Grant program established by Chapter 892, Statutes of 2001. No charter school would be allowed to receive funds in excess of 75 percent of annual lease costs.
- **\$3 million** for a county office of education to contract with an outside agency to recruit highly qualified teachers to schools in the lowest three deciles of the 2004 Academic Performance Index. This funding is related to the School Enrichment Block Grant program funded in the 2005-06 budget.
- **\$1.1 million** for the purpose of funding the Chief Business Officer Training Program established pursuant to Chapter 356, Statutes of 2005.
- **\$1 million** for Principal Training Program, established by Chapter 697, Statutes of 2001. This program has been renamed the Administrator Training Program.
- **\$500,000** for high school coaches training pursuant to Chapter 673, Statutes of 2005. Funding shall be allocated on the basis of 2004-05 high school enrollment data with variable grant levels based upon school size.
- **\$39,000** to pay for reimbursable mandate claims costs relating to attendance accounting per Chapter 855, Statutes of 1997.

**COMMENTS:** The Subcommittee has heard many of the Governor's major Proposition 98 Reversion Account proposals at previous hearings. The Administration, in cooperation with the Department of Education, will update the level of Proposition 98 Reversion Account Funds available for reappropriation in 2006-07 as a part of the May Revision.

**ISSUE 2: School Facilities – Emergency Repair Program (6110-485)**

**DESCRIPTION:** The Governor proposes **\$106.6 million** for the school facilities Emergency Repair Program (ERP) pursuant to the *Williams v. California* lawsuit settlement in 2006-07. An additional **\$206 million** is available for this program in 2005-06; however, because very few districts have applied for funding, only \$250,000 has been expended by the program to date. The LAO makes recommendations for changing the structure of the program in order to increase the allocations of these funds to districts.

**BACKGROUND:** Chapter 899, Statutes of 2004 (SB 6), which implements provisions of the *Williams* settlement agreement, requires that, commencing with the 2005-06 Budget Act, the state transfer at least \$100 million, or 50 percent of the unappropriated balance of the Proposition 98 Reversion Account – whichever is greater – to the ERP. This level of funding must continue in the budget every year until the state has provided a total of \$800 million for the program.

The ERP is administered by the State Allocation Board. Funds must be used for emergency repairs in low-performing schools, specifically schools in the lowest three deciles of the Academic Performance Index (API). Chapter 899 defines emergency repairs as repairs needed to mitigate conditions that pose a threat to the health and safety of pupils or staff.

The 2005-06 budget provided **\$206 million** for the first year of the ERP program. The Governor proposes an additional **\$106.6 million** for the program in 2006-07.

Chapter 899 provided \$25 million in the 2003-04 budget for the School Facilities Needs Assessment Program, which enabled school districts to assess the facility needs for their decile 1-3 schools. These needs assessments were completed by districts last December.

**LAO Findings:** The LAO reports that, of the \$206 million available for ERP in 2005-06, less than \$250,000 has been expended because very few districts have applied for funds. More specifically, while approximately \$7.3 million in proposals have been submitted to the SAB to date, only \$247,101 has actually been allocated to school districts in the current year.

According to informal district reports considered by the LAO, low participation for ERP does not reflect a lack of emergency facility needs, but other problems. The LAO specifies a number of reasons behind the lack of applications including fear that projects will not be approved; cash flow concerns; workload needed to prepare applications; and confusion about how the program operates and how projects qualify for funding.

**LAO Recommendations:** The LAO advises that the current structure of the ERP, which is based upon reimbursement of projects that have already been completed, makes it difficult for districts to access funds and creates incentives for districts to delay repairs until they are emergencies. In response, the LAO recommends the following changes to the ERP:

- **Provide Direct Grants to Districts:** The LAO recommends statutory changes to allow the ERP to provide direct grants to districts based upon average daily attendance (ADA)

of their decile 1-3 schools -- rather than reimbursements -- to fund projects identified by their facility needs assessments.

- **Set-Aside \$50 Million Repair Loans:** The LAO further recommends that \$50 million be maintained in a revolving account at the state level for interest-free loans to districts to address pressing emergency facility needs at decile 1-3 schools. Funds would be available up-front or as a reimbursement.

**COMMENTS:** *Staff notes* that there will be significant excess funding for this program in the current year, which raises serious questions about the level of funding required for the program, as currently structured, in the budget year. *Staff recommends* that the Subcommittee ask the Administration for specific details about their plan for allocating nearly \$312 million in funding for decile 1-3 schools that would be available for ERP in 2006-07 under the Governor's proposal. What is the Administration's proposal for better allocating ERP funding to school districts consistent with the intent of the *William's* settlement agreement?

**OUTCOME:**

**ISSUE 3: State School Facility Programs – Budget Control Section 24.30**

**DESCRIPTION:** The Governor proposes to continue budget control language to require the transfer of rental income from the State Relocatable Classroom Program and remaining funds for the Migrant Housing Program to the State General Fund, as determined by the Department of Finance. According to the State Allocation Board, they have full authority over funds from both these programs.

**BACKGROUND:** As proposed by the Governor, Control Section 24.30 contains the following two provisions relating to the transfer of school facility income to the General Fund, as determined by the Department of Finance:

- **Transfer of Rental Income from the State Relocatable Classroom Program to the State General Fund.** The Governor proposes to continue budget control language in the 2005-06 budget allowing the Department of Finance to transfer income from the State Relocatable Classroom Program to the General Fund. The 2004-05 budget assumes the transfer of \$24.1 million; the 2006-07 budget assumes transfer of \$14.3 million, leaving \$10.7 million to cover operating costs for the program. Since enactment of the 2005-06 budget, the State Allocation Board has determined it has full authority over Relocatable Classroom Program income and will be retaining all income to cover alternative State School Facility Programs, e.g. new construction, modernization, and other programs.
- **Transfer of Remaining Funds from the Migrant Housing Program to the State General Fund.** This proposal would transfer an estimated **\$3.4 million** in remaining funds designated from the Migrant Housing Program to the General Fund. The program was originally created, with state bond funds, to help districts impacted by seasonal agricultural employment acquire portable classrooms. The Migrant Housing Program has been inactive for nearly seven years, as the classroom needs of districts affected by seasonal agricultural employment have been addressed by the State Relocatable Classroom Program and the alternate programs within the School Facility Programs. The Administration is proposing **trailer bill language**, in addition to language contained in Control Section 24.30, to transfer Migrant Housing Program funds to the General Fund.

**LAO Recommendation:**

**COMMENTS:** *Staff recommends* that the Subcommittee consider elimination of Control Section 24.30 because it conflicts with the State Allocation Board's authority over rental income from the State Relocatable Classroom Program and diverts income for the School Facility Program to the General Fund. Consistent with their authority, the State Allocation Board can utilize an estimated **\$24 million** in annual income from the State Relocatable Classroom Program income to cover the costs of operating the program (estimated at \$10.7 million) and provide additional funding to the School Facility Program. The **\$3.4 million** in remaining income from the Migrant Housing Program could also be appropriately utilized for the School Facility Program, although enabling legislation might be required.

**OUTCOME:**

**ISSUE 4: Special Education – Funding for Federal Program Growth and Cost-of-Living Increases (Item 6110-161-0001)**

**DESCRIPTION:** The Governor's budget provides a General Fund increase of **\$168.1 million** for special education statutory growth and COLA adjustments in 2006-07. There are no other major adjustments for special education programs in 2006-07. The LAO recommends that special education growth and COLA be calculated for the federal special education program, instead of just the state program. The LAO recommends that most of the **\$52.6 million** in funds continued in the Governor's budget for one-time purposes – including CASEE assistance -- be redirected to pay for federal growth and COLA.

**BACKGROUND:** There are approximately 682,000 students with disabilities ages 3-21 who are enrolled in special education programs in California. Special education is administered through regional planning systems called Special Education Local Planning Areas (SELPA's). There are 116 SELPA's in California.

**Overall Special Education Funding:** The Governor's Budget proposes **\$4.3 billion** in special education funding in 2006-07. Of this amount, the budget includes **\$984.2 billion** in federal special education funds in 2006-07. This reflects an increase of \$13.8 million, which will likely change to a net reduction to reflect federal program cutbacks that begin in 2006-07. Federal funds are authorized under Part B of the Individuals with Disabilities Act (IDEA).

The Governor's Budget also proposes **\$3.0 billion** in General Fund support (Proposition 98) and **\$369.7 million** in property taxes for special education in 2006-07. The table below displays special education funding for 2005-06 and 2006-07.

<i>Dollars in Millions</i>	<b>2005-06</b>	<b>2006-07</b>	<b>Dollar Change</b>	<b>Percent Change</b>
General Fund	\$2,890.0	\$3,046.3	\$156.3	5.4 %
Property Taxes	351.8	369.2	17.4	4.9 %
Federal Funds	970.4	984.2	13.8	1.4 %
<b>TOTALS</b>	<b>\$4,212.3</b>	<b>\$4,339.7</b>	<b>\$187.5</b>	<b>4.5 %</b>

**Funding Changes Pursuant to 2004 IDEA Reauthorization:**

As signed into law in December 2004, the latest reauthorized IDEA includes changes affecting special education funding to states. Most importantly to California, the new federal law prohibits states from using federal funds to offset state mandated funding obligations, including program growth and cost-of-living adjustments (COLAs).

Until recently, the state used federal funds to offset state growth and COLA payments for the total special education program. While this was not the practice for most other states, California has utilized this practice for more than 25 years, except for a few years following implementation of the special education funding reforms in 1997-98 implemented by Chapter 854 (AB 602). During these years, the offset was placed on hold in order to provide additional resources to equalize special education funding among SELPA's to the statewide target.

In 2005-06, the state changed the special education COLA calculation so that it applied to the state special education program only and not the federal special education program. At the same time, the state changed the practice of using federal funds to offset state and federal COLA increases and required that new federal funds be passed through to schools.

The Governor continues **\$52.6 million** in funds provided in the 2005-06 budget for any one-time special education purposes, including assistance to students with disabilities to pass the High School Exit Exam and instructional materials. These funds are discussed further in the next item.

**LAO Recommendation:**

In 2005-06, the LAO recommended that the Legislature separate state and federal funding for budgeting purposes and use federal funds to pay for growth and COLA for federal programs. These changes were enacted into law. At this time, federal funds were increasing for special education at such a level they covered growth and COLA for federal programs.

In 2006-07, federal funding to California is now predicted to actually decline for the first time in recent history. This reduction reverses significant federal increases for this program in recent years. Over the last few years, federal Special Education funding grew between \$60 and \$152 million annually. As a result, the LAO now recommends that the Legislature fully fund the growth and COLA adjustments on the federal program. In so doing, the LAO recommends redirecting virtually all of the \$52.6 million in discretionary funding included in the special education budget for one-time purposes in 2006-07 to cover these adjustments.

**COMMENTS:** *Staff notes* that the state does not pay for growth and COLA adjustments on other federal programs, so if the state resumes state payment for these adjustments this could set a significant precedent for other federal programs, such as Title I Basic Grants. *Staff also notes* that COLA rates – now estimated at 5.2 percent in 2006-07 – will be adjusted at May Revise and may actually increase. As currently estimated, COLA rates will be higher than they have been in the past twenty years.



**ISSUE 5: Special Education – CAHSEE Assistance Funding  
(Item 6110-161-0001)**

**DESCRIPTION:** The Governor proposes continuation of **\$52.6 million** in special education funds that *may be* utilized to assist students with disabilities pass the CAHSEE in 2006-07. As discussed at the previous hearing, the Governor proposes another **\$40 million** – double the amount provided in the current year -- to provide intensive intervention to students in the graduating classes of 2007 who have not yet passed the CAHSEE.

**BACKGROUND:** The latest figures from CDE, which reflect two administrations of CAHSEE in Fall 2006, indicate that approximately **11.1 percent** of high school seniors in the class of 2006 have not passed either the English language arts exam or the mathematics exam. The percentage of seniors who have not passed is higher for some groups of seniors, for example 30.9 percent of English learners and 18.4 percent of economically disadvantaged students have not passed either of these exams.

Students with disabilities are not included in the latest report, according to CDE, because they are exempted from passage of CAHSEE for one year following passage of Chapter 3, Statutes of 2006 (SB 517/Romero). The most recent data indicates that **42 percent** of students with disabilities had not passed either of the CAHSEE exams.

According to the latest estimates from CDE, nearly **99,937 students** in the class of 2007 will be eligible for intensive intervention funding in 2006-07 because they have not passed the CAHSEE. This total includes **26,667 special education students** who will need to pass the CAHSEE in order to graduate in 2006-07.

**Governor's Budget Proposal:** The Governor proposes two separate programs for providing CAHSEE intervention funds to 12<sup>th</sup> grade students in 2006-07. Together, these programs would provide \$92.8 million for intensive CAHSEE interventions, as follows:

- **Item 6110-204-0001.** The Governor proposes **\$40 million** for intensive instruction and services to assist eligible 12<sup>th</sup> grade students pass the CAHSEE in 2006-07. Intensive instruction and services may include hiring additional teachers, individualizing instruction, providing teacher training, and offering individual or small group instruction. Funding is provided at the rate of \$631 per student. This program was discussed at the previous hearing. Provisions of this program are contained in Chapter 234, Statutes of 2004.
- **Item 6110-161-0001.** The Governor proposes continuation of another **\$52.6 million** in special education funds that *may be* utilized to assist students with disabilities pass the CAHSEE. This program is described in budget bill language. These are ongoing funds that are scheduled for one-time discretionary purposes in the budget. First priority for funding is to cover a budget shortfall in special education.

**LAO Recommendation:** As indicated in the previous item, the LAO recommends redirecting most of the **\$52.6 million** in ongoing special education funding now available for CAHSEE intervention to cover growth and COLA for the federal special education program.

The LAO also recommends that the Legislature adopt trailer bill language that would allow up to ten school districts to test comprehensive approaches to assisting students to pass the CAHSEE. The LAO points out that the **\$40 million** proposed for intensive instruction for 12<sup>th</sup> graders who have not yet passed CAHSEE, builds upon another **\$177 million** in ongoing funds already included in the budget for supplemental instruction for students in grades 7 through 12. These supplemental instruction funds are also intended to help students pass the CAHSEE. Districts receive \$3.87 per student for supplemental instruction, which must be in addition to services provided in the regular school day – before or after school, summer school and Saturdays.

**COMMENTS:** It is likely that the Administration will clarify its CAHSEE intervention proposals at May Revise. There are many questions to answer in moving forward with funding for these programs, including determination of student eligibility, appropriate levels of per pupil funding, and whether CAHSEE funds are building upon other funding streams. Given the significance for students who will not be able to graduate from high school, *staff supports* the LAO's recommendation for a pilot program to test effective approaches to assisting students pass CAHSEE.

Suggested Questions:

1. *For DOF: How does the Administration plan to coordinate the \$92.6 million in CAHSEE assistance proposed in 2006-07 for all eligible students?*
2. *For DOF and CDE: What is the reason for maintaining two separate programs for special education students and non-special education students? Are districts delivering services separately or are they coordinating programs?*
3. *For DOF and CDE: What is the appropriate level of CAHSEE intervention funding for students with disabilities?*
4. *For DOF: Does the Administration intend to make the \$40 million available to all eligible students in the class of 2007, including students with disabilities?*
5. *For CDE: Are all special education students receiving \$400 per student in supplemental instruction funding; as well as special education CAHSEE funds?*
6. *For DOF and CDE: Under federal law, schools are obligated to serve special education students – the group with the highest proportion of students who have failed the CAHSEE – until students graduate or through 21 years of age. What is the plan for continuing education for students with disabilities? How much will this cost?*
7. *How has the \$72.6 million appropriated in the current year for CAHSEE assistance been utilized by schools and whether it has been effective in increasing passage rates?*

**OUTCOME:**

**ISSUE 6: Governor's Federal Fund Proposal – Reading First (Item 6110-126-0890)**

**DESCRIPTION:** The Governor's Budget proposes a total of **\$145.4 million** in federal funding to continue the Reading First program in 2006-07 for existing district grantees. The Governor's proposal does not provide funding for any new grantees and instead authorizes additional years of funding – up to five years -- for existing grantees. Funding proposed by the Governor is expected to increase by an estimated **\$11.2 million** at May Revision to reflect carryover funds for the program.

**BACKGROUND:** The federal Reading First Program, authorized under the No Child Left Act, provides grants to states to improve reading instruction and outcomes for students. California's Reading First Plan was approved by the State Board of Education and codified in state law in 2002 to provide reading instruction to K-3 students K-12 special education students.

School districts are eligible to apply for funding if 75 percent of their low performing schools provide assurances about participating in the program. Eligible low performing schools are defined as schools with 40 percent or more students performing below basic on the California Standards Test.

Under the state Reading First Plan, the state is authorized to provide base grants of \$6,500 for eligible K-3 classroom teachers in participating districts; however, with additional justification, grants of up to \$8,000 per K-3 teacher are allowed. Grants are allocated for K-3 bilingual classrooms, identified as "waivered classrooms" pursuant to Education Code Section 310. Grants are not allocated for K-12 special education classroom teachers.

In 2004-05, \$29.5 million in one-time carryover funds were provided to 92 school districts to provide up to \$8,000 per teacher for one year to reduce student referrals to special education.

Under California's plan, Reading First funds can be used by school districts for purchasing reading materials, participating in state-approved professional development in reading and language arts, hiring reading coaches and reading assessments. Funding is not provided for direct instruction to students. In order to receive funding, districts must purchase standards-aligned textbooks for English/ Language Arts and agree to participate in the state program.

To date, the State Department of Education allocated Reading First funds to three rounds of grantees and selection of a fourth round authorized in the 2005-06 budget is currently being selected. As indicated below, the Reading First program currently provides grants to nearly 20,000 classrooms in 110 school districts statewide, representing approximately half of the eligible schools and teachers statewide.

**Current Reading First Participation**

<b>Existing Grantees:</b>	Districts	Schools	Classrooms/ Teachers
Round 1 (Waivered Classrooms)	13	329	9,342 (412)
Round 2 (Waivered Classrooms)	60	360	7,566 (695)
Round 3 (Waivered Classrooms)	37	135	2,953 (627)
<b>Subtotal, Existing Grantees (Subtotal, Waivered Classrooms)</b>	<b>110</b>	<b>824</b>	<b>19,861 (1,734)</b>

<b>Unfunded Classrooms:</b>	Districts	Schools	Classrooms/ Teachers
Additional Eligible Classrooms in Funded Districts		274	6,600
Additional Eligible Classrooms in Unfunded Districts		496	9,673
<b>Subtotals, Unfunded Classrooms</b>		<b>770</b>	<b>16,373</b>

While the State Board originally envisioned Reading First as a three-year program for districts, the Administration has generally pursued additional rounds of funding for existing grantees the last two years, instead of expanding funding to unserved districts and schools. The 2005-06 budget provided a fourth year of funding for existing grantees that demonstrate “significant progress” in improving reading scores. The State Board has not yet adopted criteria for determining significant progress, even though fourth year grants have been released for Round 1 schools. The 2005-06 budget contained provisional language requiring the State Board of Education to seek legislative approval for any extension of the grant period beyond three years. Legislation was not passed for this purpose.

**Governor’s Budget:** The Governor’s Budget proposes a total of **\$145.4 million** in federal funding to continue the Reading First program in 2006-07 for existing district grantees. The Governor’s proposal does not provide funding for any new grantees and instead authorizes additional years of funding – up to five years -- for existing grantees. Funding proposed by the Governor is expected to increase by an estimated **\$11.2 million** at May Revision to reflect additional carryover funds for the program. The Governor’s Budget continues provisional language requiring legislation for extending the grant period for the fifth year. CDE is sponsoring **AB 2248 (Coto)** to authorize a fifth year of funding.

**Definition of Sufficient Progress:** The State Board is currently considering the definition of “sufficient progress” for 4<sup>th</sup> year funding. There is concern that the most recent definition of “significant progress” before the State Board would disproportionately deny waived

classrooms a fourth year of funding. Specifically, there is concern that the criteria would disadvantage waived classrooms in Round 1 who have had only two years of funding compared to classrooms with three years of funding. Additionally, the quality of assessments and professional development for waived classrooms is felt to be a problem that would disadvantage waived classrooms.

**Advisory Group for Implementing Reading First in Waivered Classrooms:** The 2005-06 budget established an advisory committee composed of waived classroom teachers; academic experts in second-language acquisition; and academic experts in Reading Language Arts and Spanish Language Arts. The advisory committee was directed to assist CDE in addressing assessments and professional development for reading teachers and coaches. While a report was due to the Legislature by March 1, 2006, the advisory committee was not convened until March 2006, and therefore has not been able to complete its work.

**Reading First Evaluation:** A three-year evaluation of California's Reading First program was completed in November 2005 by an external evaluator selected by CDE. While the evaluation concludes that the program is having a positive impact on student achievement, when it compared Reading First schools to demographically similar non-Reading First schools the results were more inconclusive. It should be noted that it is not possible to measure individual student progress because student based, longitudinal data is not yet available for schools.

Additional data provided by the Reading First California Technical Assistance Center also indicates some increases in the percentage of Reading First students identified as Basic and Proficient on the California Standards Test. While significant increases were noted, some sizable decreases and variable trends were found.

**LAO Recommendation:** The LAO does not believe that a fifth year of Reading First funding for existing grantees is warranted based upon available outcome data for the program. However, if the Legislature chooses to provide a fifth year of funding, the LAO recommends that budget bill or trailer bill language be adopted defining significant progress in a simple, straightforward, easily interpretable way, such as percent of second/third graders scoring basic and above in the fourth-year of the program compared to first-year or pre-first-year of the program.

If a fifth year were not funded, the LAO recommends that funds be used to establish a new round of grantees. Given the lack of notable, widespread success of the program, the LAO continues to recommend the program be more flexible and that districts be allowed to use at least a portion of their funding for direct student service.

**COMMENTS/RECOMMENDATIONS:** *Staff recommends* that the Subcommittee continue to set-aside funding for new districts and consider program modifications suggested by the LAO to encourage greater participation by districts. Given roughly half of the eligible schools and classrooms have never participated in Reading First, the Subcommittee could set-aside an anticipated **\$11.2 million** in Reading First carryover funds for new districts, schools and classrooms in 2006-07.

The 2005-06 budget provided **\$6.5 million** to fund unfunded school districts. According to CDE, nine districts of the unfunded districts applied for funding. What are the reasons for such low participation? Is the program felt to be too restrictive for districts and could it be made more flexible in ways that do not undermine the integrity of the program? In recent years, the LAO

has consistently recommended modifications in the structure of the program to allow for actual reading instruction to students instead of teacher training and coaching. The LAO will present some of these modifications for the Subcommittee to consider.

*In considering the Governor's proposal, the Subcommittee may wish to ask the following questions of DOF and CDE:*

- 1. To CDE: The Federal Reading First program will be reauthorized in 2007. Given recent and significant reductions in federal grants to states, what is the likelihood this program will be continued and fully funded?*
- 2. To DOF: Roughly half of the schools and classrooms eligible for Reading First are not participating in the program? Why does the Administration favor continued funding for existing grants after three years, rather than serving unfunded districts, schools and classrooms?*
- 3. If the state provides a 5<sup>th</sup> and 6<sup>th</sup> year of funding to first-round grantees, what implications will that have on the availability of funding for new grants?*
- 4. To DOF: How does the Administration plan to structure funding for the 5<sup>th</sup> and 6<sup>th</sup> year grants given the possibility that federal funding might decline in coming years?*

**ISSUE 7: Governor's Federal Fund Proposal – Program Improvement Schools/Districts (Item 6110-135-0890)**

**DESCRIPTION:** The Governor proposes to appropriate **\$82 million** in federal carryover funds for low performing schools and districts identified as needing “Program Improvement” (PI) under the federal No Child Left Behind (NCLB) Act. The Administration is working with the California Department of Education on the development of a specific proposal that would utilize these one-time funds to increase student achievement in Program Improvement schools *and* districts. This proposal will likely be updated as a part of the May Revision. CDE will provide an update on NCLB.

**BACKGROUND:**

According to the Department of Education, there are currently 1,746 Title 1 funded schools and 115 districts in California designated as Program Improvement. While the state has been identifying Program Improvement schools for a number of years, Program Improvement districts were just identified in the last year.

<b>Year</b>	<b>Program Improvement Schools</b>	<b>Program Improvement Districts</b>
<b>Year 1</b>	400	155
<b>Year 2</b>	538	0
<b>Year 3</b>	407	0
<b>Year 4</b>	153	0
<b>Year 5</b>	248	0
<b>TOTAL</b>	<b>1,746</b>	<b>155</b>

Schools and districts must implement a range of services and/or interventions while they are identified as Program Improvement. If progress is not made, a range of sanctions apply. The soonest that program improvement districts could first face state sanctions is the fall of 2007.

**Governor's Budget:** The Governor first proposed reappropriating federal carryover funds from several programs for Program Improvement schools and districts as a part of the 2005-06 budget. At that time, the level of carryover balances equaled \$74.5 million. The Legislature rejected the Governor's proposal and appropriated these carryover funds back to their originating programs, because the Governor's proposal had not been adequately developed. Subsequently, the Governor eliminated funds for these purposes and set the funds aside for a new program to assist low-performing schools and districts, to be determined through future legislation.

The Governor is making a similar request in 2006-07, although the details of the program are still being developed with the California Department of Education. In addition, the amount of funding for the program has now grown to **\$82 million** due to additional carryover funds anticipated in 2006-07 from the following programs:

- **\$24.3 million** for Title I-Basic Grants;
- **\$22.2 million** for Title I-Program Improvement;
- **\$19.2 million** for Title I-Migrant Education; and
- **\$16.1 million** for Title V-Comprehensive School Reform (CSR).

**LAO Recommendations:** The LAO recommends that the Legislature reject all of the Governor's PI carryover proposals except for the Title I, Basic Program proposal. The LAO believes the transfer is reasonable, but that it would require a waiver from the U.S. Department of Education. For this reason, the LAO recommends that the Legislature ask CDE to seek such a waiver.

Specific comments and recommendations from the LAO, as well as the CDE, are included in the table below:

	<b>Carryover Amount</b>	<b>LAO Recommendations</b>	<b>CDE Recommendations</b>	<b>Other</b>
<b>Title I Basic</b>	\$24.3 m	<u>Support.</u> Would need a federal waiver to use Title I Basic funds for PI schools/districts.	<u>Support.</u> Would need a federal waiver to use Title I Basic funds for PI schools/districts.	
<b>Title I Program Improvement (PI)</b>	\$22.3 m	<u>Reject.</u> Funds are already used for school/district interventions.		
<b>Comprehensive School Reform (CSR)</b>	\$16.2 m	<u>Reject.</u> Use carryover funds to partially fund third and final year of CSR grants.	<u>Reject.</u> Use carryover funds to partially fund third and final year of CSR grants	
<b>Migrant Education</b>	\$19.2 m	<u>Reject:</u> Migrant students would not benefit. (PI schools serve only 30% of the state's migrant students.) Use funds to Migrant Ed reforms per LAO proposal. (See next item.)	<u>Oppose.</u> Funds should be retained for migrant students. CDE supports alternative Migrant Education proposal. (See next item.)	

**COMMENTS:** *Staff notes* that, given the lack of any specifics for the Governor's PI carryover proposal, it is likely that the Administration will be providing additional detail and possible changes to this proposal at May Revise.

**OUTCOME:**



**ISSUE 8: LAO Proposal -- Migrant Education (6110-125-0890)**

**DESCRIPTION:** The LAO will present recommendations for a comprehensive set of reforms designed to improve the federal Migrant Education Program. Generally, the LAO makes recommendations to address the program's: (1) funding and service model; (2) data system; and (3) carryover funding process.

**BACKGROUND:**

The Governor appropriates **\$125.3 million** in federal funds for the Migrant Education Program (MEP) in 2006-07. The Governor proposes to spend an additional **\$19.2 million** in federal MEP funds for Program Improvement schools and districts, as discussed in the previous agenda item.

The federal MEP provides grants to states to serve the special needs of highly mobile students whose family members are employed in seasonal agricultural work. MEP services are delivered to students in California through 14 regional service centers.

The LAO has identified four major concerns with the current MEP funding model, which are outlined below:

- Disconnect between funding and accountability.
- Lack of coordination between MEP services and other services.
- Funding formula does not reflect statutory program priorities.
- Funding formula does not encourage broad participation.

In response, the LAO makes the following specific recommendations to the Legislature:

- Revise the MEP funding model to send the majority of funds directly to school districts rather than regional centers. Maintain some funds at county offices of education for certain regional activities and some funds at CDE for certain statewide activities.
- Direct CDE to: (1) revise the per-pupil funding formula so that it emphasizes federal and state program priorities and (2) report back on revisions once it has completed its statewide needs assessment.
- Expand the state's migrant education data system to include more data elements. Provide district and school personnel access to the enhanced system. Use \$4 million in carryover funds for the data system.
- Use the remainder of carryover funds to help transition to a district-based system. Direct CDE to develop a transition plan and associated spending plan by October 31, 2006.
- Adopt budget bill language that would allow up to 5 percent of annual migrant education funding to carryover at the local level, with any additional carryover designated for specific legislative priorities.

**COMMENTS:** *Staff notes* that the Migrant Education program has not been able to expend available federal funding, resulting in relatively large and chronic carryover problems in recent years. The Governor's Budget identifies \$19 million in Migrant Education carryover funds. The

CDE recently identified another \$10 million, bringing total carryover funds to \$29 million in 2006-07.

The LAO recommends spending \$4 million to improve the migrant student database and the remainder to assist in the transition to a district-centered system. *Staff believes* that the LAO proposal has merit and should be considered by the Legislature as method of improving the current program for migrant students and efficiently allocating available carryover funds.

CDE also believes that the LAO proposal has some merit, but has developed its own carryover expenditure plans. These expenditure plans provide one-time funding for the following purposes:

**Carryover Expenditure Plan (\$19.2 million)**

- Extended day/week and summer/intersession academic instructional programs, with a focus on English language arts and mathematics.
- Extended day/week and summer/intersession academic instructional programs to help prepare middle and high school students for the CAHSEE.
- Mentoring and other support services.
- Parent involvement and parent education.
- Professional development.
- Instructional technology to support academic achievement.

**Additional Carryover Expenditure Plan (\$10.2 million)**

- Comprehensive needs assessment (\$75,000)
- Program evaluation (\$500,000)
- Regional and statewide identification and recruitment training (\$225,000)
- Preschool and out of school youth services (\$2,030,000)
- Summer and intersession academic enrichment programs (\$6,250,000)
- Migrant education program student information system (\$670,000)

**OUTCOME:**

**ISSUE 9: LAO Proposal – Economic Impact Aid (6110-128-0001)**

**DESCRIPTION:** The LAO recommends revisions to the Economic Impact Aid funding formula so that (1) district allocations are predictable and meet local needs for serving both economically disadvantaged and English learner student and (2) calculations are based upon reliable data. If the Legislature adopts the Governor’s overall budget level of funding, the LAO recommends redirecting some funding to ease district transition to a revised formula.

**BACKGROUND:** Economic Impact Aid (EIA) is the state’s major compensatory education program intended to address the educational needs of economically disadvantaged and English learner students. The Governor’s budget provides **\$648 million** for EIA in 2006-07, which provides a 10.4 percent increase reflecting student growth and COLA. The federal compensatory education program is known as the Title I Basic Grant program. The Governor’s budget provides \$ 1.7 billion in federal Title I grants to schools statewide.

The EIA formula is based upon counts for both poor and English learner students. Districts may use funds for a variety of purposes, including: assistance for low-performing students; supplemental instruction services to English learner students; training for teachers of English learner students; and supplementary materials. According to the LAO, districts report using most EIA funds for English learners.

**Problems Facing EIA:** The LAO has identified the following five problems with the EIA formula that make it outdated and problematic:

- **Formula does not reflect current school demographics.** The formula was written more than 25 years ago when the proportion of poor and English learner students was very different than it is today.
- **Heavy emphasis on poverty skews per-pupil payments.** Given shifts in the student populations, the formula produces very different levels of per pupil funding for school districts.
- **District allocations appear arbitrary and unpredictable.** The existing formula is very complex and results in funding amounts for districts that do not follow population changes and cannot be anticipated.
- **CalWORKS counts may no longer be a good measure of poverty.** Due to changes in the CalWORK program requirements, CalWORKS counts measure program participation not poverty. CalWORKS counts have declined significantly since 1996, whereas declines in other measures of poverty have declined much less.
- **Change in data availability makes current formula unworkable.** The Department of Social Services stopped providing CalWORKS data to CDE in December 2004, due to concerns about the security of child-specific data.

**Options for Addressing EIA Problems:** The LAO has identified a number of options for addressing these issues:

- **Options for Addressing CalWORKS Data Problems:**

1. Try to resolve confidentiality issues with the Department of Social Services (DSS) or direct DSS to provide the data via statute.
2. Use a different measure of poverty such as federal, census-based poverty counts; free and reduced priced meal eligibility; and other measures.
3. Remove poverty measures from the EIA formula and base the formula on English learner counts, which would transform EIA into a English learner program that would not even recognize poverty for English learners.

▪ **Options for Simplifying the Economic Impact Aid Formula:**

1. Align EIA with other programs that serve economically disadvantaged and English learner students, such as federal Title I and Title III grants.
2. Reconsider formula's data inputs and weights to update the appropriate weights for poverty and English learner students.
3. Distribute funding through a combination of grant types, which currently includes per-pupil grants, concentration grants that provide additional funding for districts with higher proportions of poor and EL students; and minimum grants for small districts.
4. Provide transitional funding to hold districts harmless for any losses in grants that might result with changes in the EIA formula.

**COMMENTS:** Poor students, and students who are English learners, face additional educational challenges that are reflected in low performance on state assessments, including CAHSEE, and other educational performance measures such as student graduation. However, in spite of the strong relationship between poverty and English learners and educational risk, funding for the EIA formula has been relatively flat since it was created more than 25 years ago.

In contrast, categorical program increases approved in recent years have tended to focus new funding on low performing schools and other specific programs such as supplemental instruction and CAHSEE intervention. For example, the Legislature and Governor have provided hundreds of millions of dollars for programs that are targeted to low performing *schools*, but that does not benefit *all* poor and English learner *students* in California.

**Recent EIA Study Proposals:** The Legislature passed two measures that would require formal study of the EIA program and the development of options for a new formula. SB 1645 (Escutia) in 2004-05 and budget bill language in the 2005-06 budget both required EIA study language. Both of these measure were vetoed by the Governor. The Governor's veto message called for the development of a working group made up of the Department of Finance, Office of the Secretary for Education, the Department of Education, and the LAO to develop options for restructuring the EIA formula. The LAO reports that some initial meetings have taken place, but no progress has been made in developing reforms.

**RECOMMENDATIONS:** *Staff recommends* that the Subcommittee question the Office of the Secretary and Department of Finance about the progress and plans for the EIA working group. While the Governor vetoed Legislative requested EIA studies to restructure EIA, the Governor clearly supports these same efforts through a multi-agency working group.

**OUTCOME:**

**ISSUE 10: High Priority Schools Grant Program (Item 6110-123-0001)**

**DESCRIPTION:** The Governor's proposal to provide an additional **\$201 million** to establish a new cohort for the High Priority (HP) Schools Grants program in 2006-07. This augmentation brings total funding for the program to \$243 million. The Governor proposes to revert **\$60 million** in funding appropriated for a new cohort of HP schools in 2005-06 that has not yet been expended. The Department of Education proposes to use **\$10 million** of the 2005-06 funds to develop a pilot for assisting and intervening with alternative schools that are not eligible to participate in the HP program.

**BACKGROUND:** The High Priority Schools Grant Program provides grants of \$400 per pupil to low performing schools, with priority for schools in the lowest performing deciles of the Academic Performance Index.

Provisions of the *Williams* settlement agreement, as contained in Chapter 900, Statutes of 2004, declares legislative intent that new schools be added to the HP program when HP and II/USP schools are phased out and that overall funding for the program be maintained at no less than **\$200 million** annually.

Funding for the first HP cohort was appropriated in 2002-03. In the spirit of the *Williams* settlement agreement, the 2005-06 budget appropriated \$60 million in II/USP savings to fund a second cohort of the HP program. Expenditure of these funds was contingent upon passage of legislation to address exit criteria for the program. Such legislation -- **AB 1758 (Umbert)** -- was enacted on April 18, 2006. While an urgency statute, it is unclear whether the \$60 million can be expended for new HP grants in the last two months of the 2005-06 fiscal year. If unexpended, the administration proposes that these funds be reverted.

**CDE Recommendation:** *Staff notes* that many alternative schools (such as continuation high schools) do not have API's, and are therefore not eligible to participate in the HP program. At the same time, these schools are an important option for students who are not successful in traditional programs. Because these schools serve a disproportionate number of students behind grade level, these schools may be in need of assistance to improve their instruction. CDE is sponsoring **AB 2254 (Umbert)**, which would set aside \$10 million of the \$201 million for new HP grants for alternative schools to participate in the program. CDE notes that it would need two positions to carry out the program.

**LAO Recommendation:** The LAO recommends redirecting any new HP funding to support district-based interventions, not school-based interventions. The LAO cites findings from the II/USP evaluation conducted by AIR that found no significant impact for schools, but noted very positive or negative effects for districts. The LAO indicates that districts ultimately make decisions about assisting and resourcing their schools.

**COMMENTS/RECOMMENDATIONS:** Staff recommends that the Subcommittee ask CDE about the status of the \$60 million in funds appropriated for a new HP program in the current year. Now that the required legislation has been enacted, can funds be appropriated? What is

DOF's position on these funds in these in the budget? Does DOF plan to revert these funds at the end of the year? What level of HP funding does the Administration intend to provide and how does this relate to the Williams agreements?

**OUTCOME:**

**ISSUE 11: Instructional Materials/Lottery Funding (Item 6110-189-0001)**

**DESCRIPTION:** The Governor's Budget proposes **\$402 million** in Proposition 98 funding for the Instructional Materials Block Grant in 2006-07, which provides a **\$40 million** (11 percent) increase over the 2005-06 level of funding. The Governor's budget also includes an estimated **\$190 million** in State Lottery funds for K-12 schools in 2006-07, which reflects a **\$40 million** increase in lottery revenues beginning in 2005-06 that must be used for instructional materials. The LAO recommends that the Legislature reject the \$40 million Proposition 98 increase considering the \$40 million in new lottery revenues available to schools for instructional materials in 2006-07.

**BACKGROUND:** The Instructional Materials Block Grant program provides funding to school districts for the purchase of standards-aligned instructional materials for students in grades K-12. Funding is allocated to districts on the basis of the number of enrolled students in grades K-12.

Proposition 20 of 2000, which was passed by voters in 2000, requires that 50 percent of lottery revenue growth be utilized for purchase of instructional materials by K-12 schools and community colleges.

**Governor's Budget:** The Governor's proposes a total of **\$592 million** for instructional materials, which includes **\$402 million** in Proposition 98 funding and **\$190 million** in State Lottery Funds in 2006-07.

The Governor's budget proposes a total funding level of **\$402 million** for the state Instructional Materials Block Grant, which provides funding to school districts to purchase standards-aligned materials. This is an increase of \$41 million over last year's funding level of which approximately half is attributable to growth and COLA and half reflects an increase in the program base.

According to the LAO, total funding available for instructional materials has increased significantly in recent years, as indicated the following table from their analysis.

<i>(Dollars in Millions)</i>				
	2003-04	2004-05	2005-06	2006-07
Instructional Materials Block Grant	\$175	\$333	\$361	\$402
Lottery funds for Instructional materials	115	150	190 <sup>a</sup>	190a
<b>Totals</b>	<b>\$290</b>	<b>\$483b</b>	<b>\$551</b>	<b>\$592</b>
<b>Year-to-year change</b>	—	<b>66%</b>	<b>14%</b>	<b>7%</b>

a LAO estimates based on lottery revenue projections.  
b In addition to the figure shown here, \$168 million in one-time funding was provided in this year.

**English Learner Set-Aside:**

The Governor's Budget does not continue a funding set-aside for the purchase of instructional materials that *supplement* the regular standards-aligned instructional materials schools purchase through the regular instructional materials program.

The 2004-05 budget provided a **\$30 million** set-aside that was available on a one-time basis over two years for the purchase of supplemental instructional materials to assist students in learning English. Supplemental materials purchased by schools had to be substantially correlated to both academic content standards and English Language Development standards.

The accompanying budget bill language for the 2004-05 set-aside specified that "the purpose of these materials will be to accelerate pupils as rapidly as possible towards grade level proficiency," and that the "funds shall be used to purchase supplemental materials that are designed to help English learners become proficient in reading, writing and speaking English."

The 2004-05 budget funded three limited-term positions to administer the \$30 million set-aside for English learner instructional materials. These positions expire at the end of 2005-06.

According to CDE, 650 school districts and county offices applied for and received the \$30 million in supplemental materials funding that resulted in providing approximately \$20 per English learner.

The Legislature provided another **\$20 million** in ongoing funding for purchase of supplemental materials for English learners in 2005-06; however, the Governor vetoed the funds for these purposes.

**LAO Recommendation:** The LAO recommends that the Legislature eliminate the **\$40 million** augmentation in Proposition 98 funds for instructional materials in 2006-07. This recommendation takes into account the **\$190 million** in instructional materials funding schools will receive from State Lottery funds in 2006-07.

The LAO recommends that the \$40 million in savings be scored as General Fund savings to address the state's budget deficit. If the Legislature chooses to retain these funds for schools, the LAO recommends redirecting the \$40 million toward implementation of reforms it suggests for the Economic Impact Aid program, which were discussed earlier in this agenda.

**COMMENTS:**

The State Board is currently working on updating the English/Language Arts curriculum framework, including the criteria for evaluating instructional materials submitted for adoption. These criteria guide the development of new instructional materials. A number of Senators have expressed strong concern to the Secretary for Education, Superintendent of Public Instruction and State Board of Education that the criteria recently approved by the State Board does not recognize instructional materials for English learners. This issue will be discussed further at the next Subcommittee hearing.

**OUTCOME:**



**ISSUE 12: April Finance Letters – Federal Funds (Consent)**

Staff recommends approval of the following revisions to the Governor's January 10 Budget, as proposed by the March 30, 2006, budget letters from the Department of Finance. No issues have been raised by any of these items. Federal funds adjustments are intended to update budget appropriation levels so they match the latest federal estimates and utilize funds consistent with current policy.

**Federal Funds Adjustments**

1. **6110-001-0890, Department of Education, State Operations (Issue 837).** It is requested that this item be decreased by \$1,715,000. The reduction, coupled with reductions to local assistance items, would align appropriation authority with anticipated federal grant amounts. This reduction reflects the following adjustments to specific programs:

Learn and Serve America (6110-102-0890):	-\$169,967
Neglected and Delinquent (6110-119-0890):	-\$4,360
Innovative Programs (6110-123-0890):	-\$1,000,000
Migrant Education (6110-125-0890):	-\$9,538
Even Start (6110-136-0890):	-\$239,254
Homeless Education (6110-136-0890):	-\$23,073
Safe and Drug Free (6110-183-0890):	-\$268,910

2. **6110-102-0890, Local Assistance, Federal Learn and Serve America Funding (Issues 579 and 580).** It is requested that this item be increased by \$563,000. This includes a reduction of \$257,000 to conform federal expenditure authority with available grant funding and an increase of \$820,000 to reflect one-time carryover funding to support additional local service learning activities.
3. **6110-103-0890, Local Assistance, Robert C. Byrd Honors Scholarship Program (Issue 885).** It is requested that this item be reduced by \$39,000 to align the appropriation authority with the anticipated federal grant. The Robert C. Byrd Honors Scholarship Program recognizes exceptional high school seniors who show promise of continued excellence in postsecondary education.
4. **6110-119-0890, Local Assistance, Neglected and Delinquent Children Program (Issue 831).** It is requested that this item be decreased by \$427,000 to align expenditure authority with available federal grant funding. These grant funds are used to address the education needs of neglected and delinquent children and to provide education continuity for children in state-run institutions for juveniles.
5. **6110-123-0890, Local Assistance, Title V Innovative Programs (Issue 247).** It is requested that this item be decreased by \$10,536,000 to make the amount consistent with the federal Title V Innovative Programs grant available for 2006-07. These grant funds are provided to districts to develop and implement innovative education programs intended to

improve school, student, and teacher performance, including professional development activities.

6. **6110-125-0890, Local Assistance, Migrant Education Program (Issue 832).** It is requested that Schedule (1) of this item be decreased by \$935,000 to align appropriation authority for the Migrant Education Program with the anticipated federal grant. These grants funds are used to address the educational needs of highly mobile children whose family members are employed doing seasonal agricultural work. The program provides supplemental services to support the core academic program children receive during the regular school day.
7. **6110-126-0890, Local Assistance, Reading First Program (Issue 512).** It is requested that this item be decreased by \$1,598,000 to align appropriation authority with the anticipated federal grant award amount. The Reading First Program provides grants to use scientifically based programs to improve reading in kindergarten through grade 3.
8. **6110-136-0890, Local Assistance, Even Start Program, Title I Basic Program, McKinney-Vento Homeless Children Education Program, and Title I School Improvement Program (Issues 248, 513, 830, 834, and 835).** It is requested that Schedule (1) of this item be decreased by \$65,182,000. This adjustment includes a decrease of \$68,682,000 to align federal Title I Basic expenditure authority with the anticipated federal grant and an increase for one-time carryover funds of \$3.5 million for the Even Start program. The federal government has made a significant reduction in funding for the Even Start program for 2006-07 fiscal year, therefore the carryover funds will be used for existing Even Start projects to offset the reduction in the federal grant allocation.

The Title I Grants assist local educational agencies and schools improve the teaching and learning of children failing, or most-at-risk of failing, to meet state academic standards. The Even Start programs provides funds to improve the educational opportunities of low-income families, by integrating early childhood education and parenting education into a unified family literacy program.

It is further requested that Provision 6 of this item be added as follows to conform to this action:

6. Of the funds appropriated in Schedule (1), \$3,500,000 is available as a one-time carryover from prior years for the Even Start program.

It is further requested that Schedule (2) of this item be increased by \$189,000. This adjustment reflects one-time carryover funds of \$500,000, which resulted from grantees not fully expending their allocations, and a decrease of \$311,000 in the McKinney-Vento Homeless Children Education federal grant. These funds will be allocated on a competitive basis to supplement homeless children education programs. These programs ensure that homeless students receive the same educational opportunities as other students.

It is further requested that Program 7 of this item be added as follows to conform to this action:

7. Of the funds appropriated in Schedule (2), \$500,000 is provided in one-time carryover funds to support the existing program.

It also is requested that Schedule (3) of this item be decreased by \$2,127,000 to align expenditure authority with federal Title I School Improvement funding. These grant funds assist districts with developing and implementing school reform efforts aimed at increasing student academic performance.

It is requested that Provision 5 of this item be amended as follows to conform to this action:

- “5. Of the funds appropriated in Schedule (3), ~~\$29,240,000~~ \$27,113,000 shall be available pursuant to Article 3.1 (commencing with Section 52055.57) of Chapter 6.1 of Part 28 of the Education Code, for Title I district accountability.”

**9. 6110-137-0890, Local Assistance, Rural/Low Income School Program (Issue 836).**

It is requested that this item be increased by \$239,000 to align expenditure authority with the anticipated federal grant. These grant funds are used to address the needs of rural, low-income schools.

**10. 6110-156-0890, Local Assistance, Federal Adult Education Funding (Issues 575**

**and 576).** It is requested that this item be increased by \$3,281,000. This includes a reduction of \$761,000 to conform federal expenditure authority with available grant funding and an increase of \$4,042,000 to reflect one-time carryover funding to support additional adult education activities, including investments in data and software systems to comply with new federal adult education reporting requirements.

It is further requested that provisional language be added as follows to confirm to this action:

4. Of the funds appropriated in this item, \$4,042,000 is one-time carryover available for the support of additional adult education instructional activities, and may be used by local providers to upgrade data collection and other software systems to ensure compliance with federal adult education reporting requirements as specified in Public Law 109-077 [119 Stat. 2037].

**11. 6110-180-0890, Local Assistance, Education Technology Program (Issue 644).** It

is requested that this item be decreased by \$29,728,000 to reflect a decrease in funding for the federal Enhancing Education Through Technology Grant Program. The program provides funds to improve student academic achievement through the use of technology in schools. The federal budget proposes to eliminate this program by 2007-08.

It is further requested that Provisions 1, 2 and 3 of this item be amended as follows to conform to this action:

“1. Of the funds appropriated in this item, ~~\$31,140,000~~ \$16,662,000 is for allocation to school districts that are awarded formula grants pursuant to the federal Enhancing Education Through Technology Grant Program.

2. Of the funds appropriated in this item, ~~\$31,140,000~~ \$16,662,000 is available for competitive grants pursuant to Chapter 8.9 (commencing with Section 52295.10) of Part 28 of the Education Code and the requirements of the federal Enhancing Education Through Technology Grant Program-including the eligibility criteria established in federal law to target local educational agencies with high numbers or percentages of children from families with incomes below the poverty line and one or more schools either qualifying for federal school improvement or demonstrating substantial technology needs.

3. Of the funds appropriated in this item, ~~\$1,473,000~~ \$701,000 is available for the California Technology Assistance Project (CTAP) to provide federally required technical assistance and to help districts apply for and take full advantage of the federal Enhancing Education Through Technology grants.”

**12. 6110-183-0890, Local Assistance, Safe and Drug-Free Schools and Communities**

**Program (Issues 886 and 888).** It is requested that this item be decreased by \$6,453,000. This adjustment includes one-time carryover funds of \$2,209,000 and an \$8,662,000 decrease to align expenditure authority with the anticipated federal grant. The Safe and Drug Free Schools and Communities Program support activities that prevent violence and illegal drug use on school campuses.

It is further requested that the following provisional language be added to conform to this action:

2. Of the funds appropriated in this item, \$2,209,000 is provided in one-time carryover funds to support the existing program.

**13. 6110-193-0890, Local Assistance, Mathematics and Science Partnership Grant**

**Program (Issue 514).** It is requested that this item be increased by \$543,000 in order to align appropriation authority with the anticipated federal grant award amount. Consistent with current policy, these funds will be used to provide additional competitive grant awards to institutes of higher education and low-performing schools to partner to provide staff development and curriculum support for mathematics and science teachers.